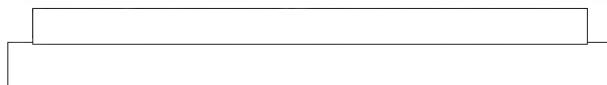


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TALKING POINTS FOR THE DCI
18 October 1983

Iran-Iraq War

The Iran-Iraq war remains stalemated. The war is now into its fourth year. It is both the longest and most destructive war in recent Middle East history. Nearly a million men are engaged along a front approximately 1,000 kilometers long. Personnel losses surpass those of all four Arab-Israeli wars combined with no end in sight. We estimate:

- ° At least 200,000 troops have been killed (140,000 Iranian, 60,000 Iraqi), another 300,000 seriously wounded, and approximately 55,000 taken prisoner.
- ° Nearly 3,500 armored vehicles have been destroyed or captured.
- ° Over 300 fighter aircraft have been shot down.
- ° Three major Iranian cities and 6 towns with a prewar population of over one million have been devastated and, in some cases, totally obliterated.
- ° During the peak of the fighting at least 1.5 million Iranians had fled their homes, most still remain in refugee camps.

No major fighting has occurred since early August.

- ° In July and August, Iran opened two new battle fronts to increase pressure on the Iraqis, gain control of key terrain along the border, and facilitate Iranian support for antiregime Kurds inside Iraq.
- ° The Iranians occupied a small salient inside Iraq around Hajj Umran which is now being used by Kurdish dissidents opposed to the Iraqi regime. Iranian attacks in the Mehran area were inconclusive.

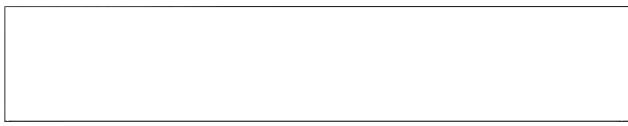
Iran is preparing new attacks, probably to begin this month before winter weather sets in and hampers their ability to supply their troops.

- ° For the past two months, the Iranians have been building up their forces at Qasr-e Shirin and in the north around Sar Dasht and Marivan near two major routes into Iraq's Kurdish area.

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- The Iranians have some 25,000-30,000 troops near Marivan, up to 10,000 men each at Sar Dasht and Qasr-e Shirin.
- We believe the Iranians intend to try to seize the key passes along the border to improve their capability to conduct a low-level war of attrition during the winter months and to step up support for Kurds opposing Baghdad.
- Baghdad is aware of Iran's plans and has daily carried out air attacks on Iranian depots and troop concentrations.

Iraqi forces have superiority in firepower, armor, and artillery in the area and should be able to contain the Iranians in the immediate border area. Overall, Iraq has nearly a 4 to 1 edge in operational combat aircraft, and a 3 to 1 in armor.

Neither side has the capability to win a decisive military victory in the ground war.

- Iran continues to be hampered by equipment shortages, transportation problems, poor coordination, and lack of air support.
- The Iraqis have forfeited the initiative to the Iranians and lack both the will and the capability to resume large-scale offensive operations inside Iran.
- A war of attrition, punctuated by periodic small-scale Iranian attacks--often producing heavy casualties--is likely to continue into next year.

Iraqi Strategy

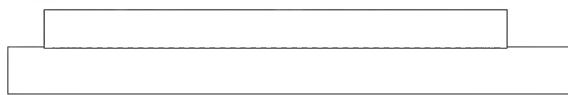
Despite its material advantages, Baghdad is desperately searching for a way to end the war in order to relieve its financial problems.

- With oil exports limited to the Turkish pipeline, Iraq has had to deplete its foreign exchange reserves and slash its imports. Iraq's oil income in 1983 will be about \$7 billion compared with nearly \$10 billion in 1982 and \$25 billion in 1980. War related costs alone are estimated at some \$1 billion per month.
- Baghdad is selling gold and deferring major debts where possible.
- Damascus, which has been supporting Iran, is considering reopening the Iraqi pipeline through Syria [redacted] If true, this could increase by 50 percent Iraq's oil income and reduce pressure on Baghdad to escalate the war.

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FYI

- (Baghdad expects delivery this month of the five Super Etandard aircraft promised by France.



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- Iraq presently is trying through diplomatic steps to exploit the threat posed by the Super Etandard to pressure Iran to end the war and to gain additional financial relief from Arab supporters.
- Baghdad also is trying to impress upon the international community the likelihood of military escalation that could ultimately disrupt the flow of oil from the Persian Gulf if the war continues.

If these steps fail, we believe Baghdad intends to use the Super Etandard aircraft and Exocet missiles to break the stalemate. Oil tankers calling at Khark Island are the most likely target.) (END FYI)

President Saddam Hussein is not in imminent danger of being ousted. He seems to have a grip on the ruling Baath Party and the security apparatus.

Iran

Ayatollah Khomeini is determined to continue the war at least until Saddam Hussein falls from power. He probably also wants to oust the Baath Party and install an Islamic regime in Baghdad.

- ° Khomeini has threatened to close the Strait of Hormuz to all shipping if Iraq interferes with Iran's oil exports. Iran has the capability to do so unless challenged by Western naval and air forces, but we believe it would do so only if Iran's own oil exports were substantially curtailed by Iraqi attacks
- ° Tehran has also threatened to halt ships carrying arms to Iraq via Gulf ports. The only such deliveries are by Soviet ships; about 2 per week dock in Kuwait.
- ° Iranian leaders could choose other retaliatory options, including attacks on Arabian Peninsula Gulf oil and port facilities. Local military forces could not successfully defend against Iranian air or naval attacks.
- ° Among the most likely targets are Kuwait, Iraqi airfields housing the Super Etendards, and the Iraq-Turkish pipeline.

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The Khomeini regime faces no serious challenges to its war policy or its continued consolidation of control. Even if Khomeini died soon, the clerics are likely to stay in power.

- ° The regime seems to have responded effectively to recent demonstrations for better living conditions.

The protests encouraged by moderate senior clerics at major theological centers who oppose the Khomeini regime present a more potent challenge to the ruling clerics.

- ° If the clerical community cannot negotiate its disagreements, feuds between factions could trigger clashes between their armed supporters, especially after Khomeini's death.

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Saudi Arabia

We perceive no immediate threat to the regime's stability.

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Reduced oil revenues continues to dominate domestic scene.

- ° Saudi oil revenues in 1983 will be about \$45 billion compared with some \$98 billion in 1980.
- ° Government is delaying payments to contractors, curbing new expenditures, curtailing foreign aid, and drawing from foreign reserves.
- ° Regime has avoided cuts in subsidies and social programs that could trigger unrest.

Regional events, however, increasingly preoccupy Saudi leaders.

- ° Riyadh is worried about an escalation of Iran-Iraq war following French deliver of Super Etendards to Iraq.
- ° Fahd is also anxious to preserve shaky ceasefire in Lebanon to avert Syrian-US confrontation, enable Lebanese parties to work out new distribution of power, and return diplomatic focus to Middle East peace process.

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